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S&MM
SALES & MARKETING MANAGEMENT
MAY 17, 1982
A BILL PUBLICATION
THREE DOLLARS

AN S&MM SPECIAL SECTION
Cooperative advertising: Just the weapon for a tough fight
Page 61.

Selling is child's play

Markita Andrews is a supersalesgirl—the 10-year-old Girl Scout has been New York City's top-selling cookie salesperson two years in a row. Now, she's the subject of *The Cookie Kid*, a new sales motivation film which reveals her secret: Set a goal and stick to it. Page 38.

All's sell in ComputerLand
Page 40.

California's new gold fever
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Inside Out

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Kaiser breaks a mold and casts off tradition in its aluminum sales organization. Page 20.

Minolta focusses on direct mail to sell copiers. It cuts its mailing list in half and still doubles sales. Page 21.

Talking computer terminals are the latest brainstorm from a trio that already won big in electronic games. Page 21.

A case of bad beer selling practices may go to the Supreme Court. Page 24.

Sterling Drugs is itching for a bigger share of the growing flea-killer market. Page 26.

There's no salt in NoSalt, a sodium-free product from Norcliff Thayer, sold not only in drug but in food stores. Page 27.

A tasty trade show featured the flavors of 432 food companies. Page 29.

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An S&MM Special Report: Selling Through Independent Reps. All parties agree that more companies will be using independent reps, for a variety of reasons. In this 32-page Special Report, S&MM shows how to make reps at least as productive as direct salespeople. June 7.

Make it money! A housewife, a chaser of promotions, has this message: Forget cents-off—give her cash refunds. July 5.

An S&MM Special Section: Sales Meetings. Tips for planning a meeting that makes the sales force eager to attend and eager to complete. July 5.

1982 Survey of Buying Power. S&MM's annual survey of U.S.-Canadian population changes, retail sales, and household income provides marketers with essential data on consumer behavior. July 26.

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S&MM's cover photo by Marcea Koffsky

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Pacific area countries will buy and sell at a record level in this decade—their economic growth is expected to be twice the world rate—and California companies are determined to lead in making them into new customers.

California's new gold fever

By LIZ MURPHY
West Coast Editor

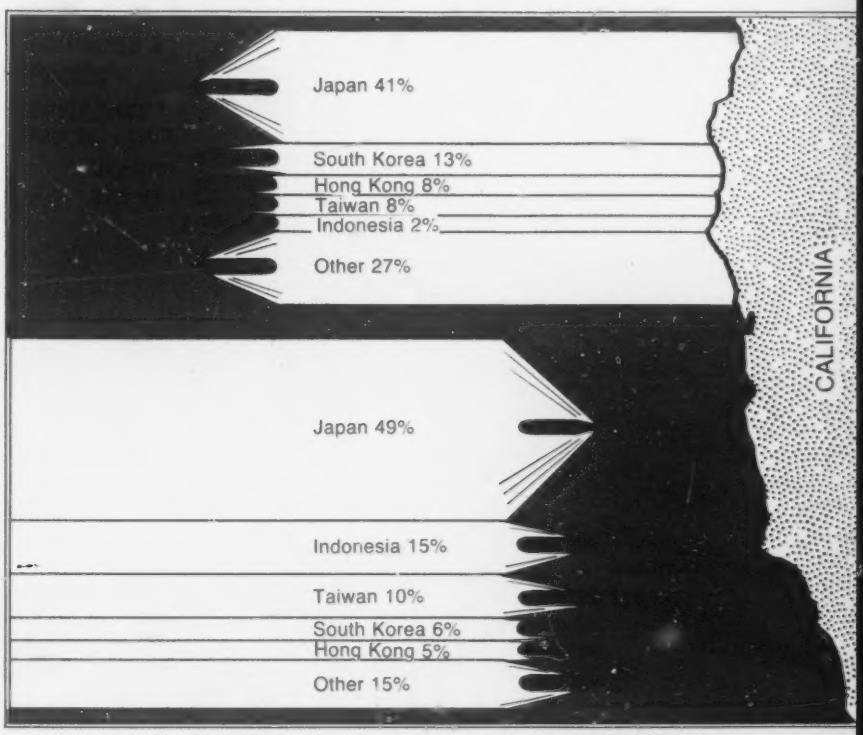
California should change its nickname from the Golden State to the Lucky State.

It had the good luck to have gold deposits, oil, a perfect climate for tourism and agriculture, abundant sunshine for movie production and, now, perhaps luckiest of all, the "perfect" geographical location. It is the right state in the right place at the right time to cash in on the developing markets of the "Pacific Rim" nations, a bonanza that reduces the gold rush to a slow crawl.

In a report published this month, *Regional Perspective–Los Angeles–1982,* the Bank of America predicts that California could score big in that trade—and could do so even this year. The report notes, "Pacific Basin economies will expand faster than growth rates worldwide. In particular, Asia is expected to grow by approximately 4% in real terms, or twice the worldwide rate. Thus exports to those countries through West Coast ports will increase."

Fortunately for the state's balance of payments, exports have been increasing at a faster rate than imports, 30% vs. 20%. True, trade growth for 1981 was slower than 1979–80, but Richard King, the state's first director of international trade, notes, "even slow growth is good growth." (King has since left his post to open his own consulting firm.)

With a 9% or 10% growth this year, the Bank of America forecasts that the state's global trade for 1982 will expand faster than either U.S. or world trade; total imports and exports for California are projected at $80 billion. This represents an 18% increase over last year and a $48 billion increase over just five years ago.



Source: Security Pacific National Bank.

Despite the deceleration in last year's growth the 1981 figures are still impressive. Some examples: 41% of the nation's textile fibers trade, 29% of the country's fruit and nut trade, 39% of its electrical machinery equipment trade, and 23% of its optical, scientific, and photographic equipment, and 21% of its wearing apparel. Indeed, if California were a separate country, it would rank twelfth in international trade. The state's Office of International Trade estimates that 1 in every 10 jobs in the state is dependent upon international trade. Now, those who are not already in the act are scurrying to get a piece of the action.

Larger companies such as Hewlett-Packard, Fluor, Allied Materials, and Safeway (it recently signed a merchandise exchange agreement with Allied Import Co., Inc., a Tokyo trading company organized by four Japanese retailers) have learned how to operate in what still seems to many marketers

Duncan takes the plunge

Duncan Enterprises, a Fresno, CA, manufacturer of ceramic products, could have a future in the Pacific, a determination its marketing vice president, David Lewis, says was made about a year ago. Then, Duncan's foreign sales were somewhat happenstance.

Examples: an Australian kiln manufacturer set up a distributorship on hearing about Duncan's products through a plant foreman it hired; Canadian tourists bought its product in the U.S., and then set themselves up as distributors north of the border.

After deciding it wanted more sales abroad, Duncan looked for an export manager, a hunt quickly abandoned when a financial analysis showed it could cost the company $100,000 a year for an experienced person, a bilingual secretary, and some travel. Says Lewis, "We found ourselves up against a program where we had to be aggressive, but couldn't afford to put on four or five international travellers to get the business going. So we shifted emphasis."

Duncan's solution was to get the advice of foreign trade consultant Richard King, and sign a performance agreement with Import Export Management Service, Dallas, thus getting a broader range of expertise for their expenditures than they could by hiring one export manager.

The results of Duncan's new emphasis on exports are already evident. Lewis says that while domestic sales are down 4% in dollars, export sales are up 15% in dollars, and he expects that, within 10 years, foreign sales will equal domestic sales. Licensing will play a big part in these sales because of the nature of some of the company's products. Says Lewis, "Our molds are very expensive tradewise to ship." Within six months, Duncan is to sign its first licensing agreement, a $1 million arrangement it has created with a company in Australia.

a perplexing world of trade and nontrade barriers.

Even so, marketers from large companies still are in evidence at conferences and seminars on Pacific Rim trade which have proliferated in the past few months. Significantly, so are those from small companies. Ed Kramer, national and international sales manager of the Clary Corp., San Gabriel, CA, says, "I do nothing but go to seminars." His company, which manufactures uninterrupted power supplies to facilitate clean lines for computers, has been in international markets for seven years. "Our sales are up 105% for the first quarter over last year's first quarter." Kramer says about Pacific Rim customers, "You've got to do business their way. That's why when we put a rep in, not only can he speak the language, he also knows the customs."

Stanley Epstein, president of Anglo American Aviation Co., Los Angeles, who has been exporting aerospace parts for 30 years, says, "Some products are easy to sell and some are difficult and nontariff barriers do exist, but sometimes the problem is overstated. The solution is to get out there and sell. If you show them you have a better mousetrap, eventually you'll find a way but it takes time. The U.S. can have a lively trade if it gets over its syndrome of using these markets as stopgaps when things are not selling at home. These places have to be looked on as real markets." Anglo American has offices in Singapore, Korea, Japan, and Australia, and Epstein notes that his problems are not with barriers but with the high interest rates and the currently strong dollar. "Unless these level out I look for a new order reduction of 25% for 1982."

Keep a 'presence'

Allied Materials, Santa Clara, CA, a manufacturer of electronic components fabrication equipment, finds that presence is the answer. Elizabeth Baird, a spokeswoman for Allied, says, "Trying to market products from here into Japan without Japanese management is very difficult. For the past two years we've had a subsidiary in Japan. Prior to that we had an agreement with a Japanese trading company to market our products. But it's hard to get the kind of penetration you need when they're representing so many products. Since opening our subsidiary our sales have gone up from $1.4 million in 1978 to over $13 million in 1981. This shows what a difference it makes when you're there, marketing as a Japanese company."

Two California executives who are not finding it all that easy to sell in the Pacific are David R. Berry, vice president, international sales, Whiteworth Pharmaceuticals, Inc., Gardena, and George Humple, director, export marketing, Howmedica, Inc., Irvine, the dental products division of Pfizer.

Berry says, "Based on letters I get, the potential markets are there. But I keep hearing from Korea and Taiwan that our prices are too high. Yet when I travel there I find our prices beat out the local manufacturers. Also there's a new trade barrier in Taiwan. In order to sell, say, vitamin E there the seller has to also be the manufacturer." To do that, he says, his company would have to make an expensive investment in equipment. He adds, "All the companies that are selling vita-

min E in Taiwan are not selling products they themselves manufacture. Taiwan has virtually eliminated many manufacturers unless the latter go about it dishonestly. We don't want to do that."

Howmedica's Humple has found that with the Koreans and Taiwanese, "Price is all they seem to be interested in. We get a lot of interest when we send out material or they find out about you. We do what we normally do, set prices based on expected gross profit.

"We go over there, spend a lot of time, come back to this country, and generally we get a statement reconfirming interest but the prices they want to pay are so far out of line, we'd have to drop our prices 50%." He adds, "I travel all over Asia and there seems to be a completely unrealistic view as to price. They seem unaware of brand name and other benefits of the product."

Looking for bargains

Charles Shu, director of Far East Trade Services, the trading arm of the Republic of China, answers, "Everyone tries to bargain." Shu and his counterparts from Japan and Korea, Shusaku Hirano, of the Japan Trade Center, and Byung In Chun, director of the Korean Trade Center, presented their sides of the trading picture as well as shopping lists and helpful hints at a recent Pacific Rim seminar presented by the Sales and Marketing Executives Assn. of Los Angeles.

Hirano, whose government is conducting about 100 meetings with businesspeople throughout the U.S., told his audience, "There are those who say Japan is a closed society. That is not the case. The problem is a lack of aggressive promotion." He says special opportunities exist in Japan for marketers of clothing; women's apparel, particularly knits, and short fur coats; kitchenware; and fine table and linen ware. Hirano emphasized the need of attractive packaging and suggested less sugar be used in food products destined to be sold in Japan. "We Japanese prefer less sugar."

Byung said Korea is interested in joint ventures. It is to hold a trade fair in September in Seoul with 40,000 businesspeople attending from throughout the world. The aim is for foreign companies to exhibit parts and machinery with Korean manufacturers making bids for production of the parts and equipment in Korea. With labor costs so much lower than in the U.S., Byung says "everybody benefits."

In addition to joint ventures, Byung says his country needs to import equipment for energy development, machinery, metallurgy, fine chemicals, and environmental control equipment as well as software technologies in business management, international marketing, and banking.

Shu of the Republic of China noted that the language of contracts is one of the biggest stumbling blocks to doing business. He told the would-be traders to pay full attention to details and to research their markets. Shu says his country is in need of textile products, electronic equipment, machine tools, agricultural and pumping equipment, and metals.

Richard King estimates that 85% of California's international business is now being done by 100 companies located in the state. "There are thousands of little companies in California that could be in the international market but aren't, either because they don't know how to go about it or they aren't aware of it," he says. "But if a company has a good track record domestically, in most cases, it can find a market overseas. All a company needs is the right product and know-how to conduct business the way it's done in the country it wants to penetrate."

Which, sadly, is more than a marketer of western refrigerators was willing to invest. When its products arrived in Japan, they couldn't be squeezed past customers' front doors.

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S&MM MARKETGRAPH

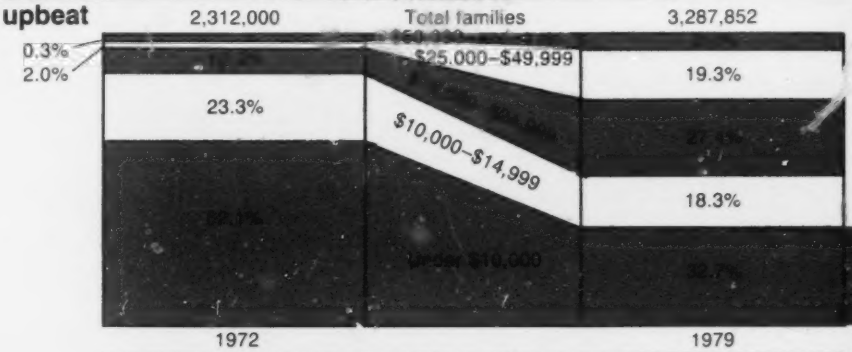
Hispanics: Youth still has its fling

Youth-oriented strategies may be generally on the decline, but if you sell to the Hispanic market they're still a necessity. Almost one out of three Hispanics in the U.S. (32.1%) is under 15 years of age vs. only 21.3% whites, according to the Census Bureau's first report on socioeconomic data from the 1980 Census. More than two-thirds of Hispanic families (68%) have children compared to less than half (49%) of their white counterparts.

This youthfulness partly explains why only 19.4% of those 25-and-older have been exposed to college as against 21.8% of blacks and 33.2% of whites. Still, it hasn't stopped Hispanics from sharing in the overall shift to the upper income brackets. Between 1972 and 1979, the proportion of Hispanic families in the $20,000–$49,999 class soared 865%, to 633,647; those in the $50,000+ group 700%, to 78,408. (For more about the 1980 Census, page 98.)

Hispanic incomes on the upbeat

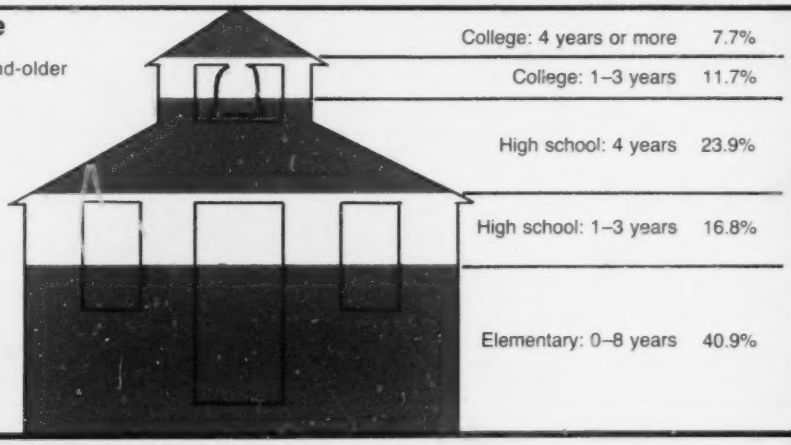
% of families by income group



Note: Details may not add to 100% due to rounding.

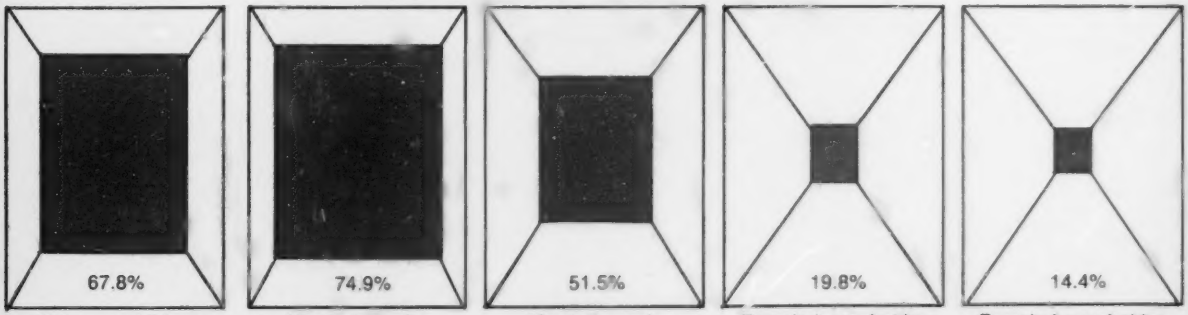
College explosion yet to come

Years of school completed, persons 25-and-older



Hispanic children are a vital market

% of all families



Sources: Census Bureau, *1980 Census of Population and Housing: Provisional Estimates of Social, Economic, and Housing Characteristics: PHC80-S1-1; Money Income and Poverty Status of Families and Persons in the United States: Series P-60, No. 127.*

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S&MM's Special Co-op Advertising Section

Just the weapon for a tough fight

By MARTIN EVERETT
Managing Editor

If conventional advertising represents the standard armament of consumer goods companies, cooperative advertising must be the choice of their rapid deployment forces. Equipped with a kit of tactical weapons, co-op commandos are always supposed to be on the alert to fight a limited war in any market sphere on a moment's notice. The current, hostile economy means that they are being called to arms more than ever. This is the gist of findings turned up in S&MM's just-completed exclusive survey on cooperative advertising and those gleaned from interviews with executives in manufacturing, retailing, and the media.

Because co-op skirmishes are local and may involve money contributed in various proportions by supplier, distributor, and dealer (see story, page 76), the extent of today's co-op activity is difficult to measure precisely. Tough times, after all, do not necessarily make co-op flourish everywhere. Manufacturers of fans, blenders, and other tabletop appliances have all but abandoned co-op because of intense competition from the Far East. (Given a choice of a 3% advertising allowance or a simple 1% price discount from a manufacturer, most stores in this industry are opting for the latter.)

Not so in many other industries, however. In grocery products, where co-op falls under the heading of promotional allowances, there is a parade of new entrants and a revitalization of long-standing programs.

VIVITAR PRIME CUTS.

Prime Vivitar lenses and flash equipment at prices sliced to the bone. Just tear out the coupons and tear on down to the store.

$25 OFF
$10 OFF
$5 OFF
UP TO $38 OFF
$15 Off
$8 Off
$5 Off

Vivitar Vivitar Vivitar Vivitar

Vivitar dealer-listing ad ran in 13 markets on Apr. 23 and May 7.

For instance, Consolidated Foods' L'eggs Products Div., which has never offered any kind of trade allowances, recently switched tactics and now has a program for reimbursing retailers for advertising that promotes its hosiery.

Campbell Soup has had promotional allowances for years on most of its products but has not required grocery chains to actually run ads until the last year or so. "We had to get tougher because we weren't getting the performance," says Frank A. Dudowicz, director of promotion, noting that the program is designed to encourage stores to feature Campbell products as prominently as possible in their ads.

PepsiCo's Frito-Lay subsidiary, which previously had offered the usual trade allowances, this January added a program which reimburses stores that promote its snacks in ads that are between two and six column inches in size. "This has helped us especially in areas like the Northeast where feature support by the trade has been weak," says John Norcross, manager of sales promotion. There is also a marked increase in co-op activity in such industries as automotive parts, furniture, hardware, and building materials (see story, page 70), says Edward H. Zimmerman Jr., vice president, co-op development, for the Advertising Checking Bureau, New York City.

S&MM's survey, conducted by research director Elizabeth G. Diederichs, shows there has been a slight increase in money budgeted for co-op this year—and lots of activity among medium-sized companies and newcomers to co-op. The survey, which was mailed to over 1,000 companies and produced 178 usable responses, indicates that 38% of the respondents budgeted $500,000 or more for co-op, up from 36% in 1981. Of the companies reporting, however, nearly a quarter have a budget of under $100,000.

How much of this money will actually be spent? Some 46% of the respondents say they used over three-quarters of their available co-op last year, about the same figure that appeared in S&MM's last survey two years ago.

Newspapers continue to be the dominant co-op medium, but there are significant changes within this category. Nearly 45% of respondents using newspapers say their co-op programs permit the use of free distribution papers, and this

Highlights of S&MM's survey on cooperative advertising

1. What is the purpose of your co-op advertising program?

	1982	1981	1980	1979
Build sales for our most profitable product or line	63.5%	60.1%	70.9%	66.4%
Meet competitors' efforts	44.9	41.0	40.3	38.8
Launch a new product	43.3	40.4	44.0	39.6
Accede to requests of retailers	41.0	36.5	40.3	37.3
Build sales in a particular region	33.1	29.8	38.1	32.1
Build sales for a weaker product or line	28.7	26.4	29.9	27.6
Accede to requests of wholesalers, distributors, etc.	27.0	24.2	26.1	23.9
Even out peaks and valleys of demand	11.8	10.1	12.7	13.4

2. What amount of money is made available for co-op advertising?

	% Of Respondents			
	1982	1981	1980	1979
$3,000,000 and over	12.4%	10.1%	6.7%	5.2%
$1,000,000–$2,999,999	14.0	14.6	17.2	15.7
$500,000–$999,999	11.8	11.2	21.7	17.2
$200,000–$499,999	14.6	13.5	20.9	25.4
$100,000–$199,999	14.6	11.8	15.7	14.9
Under $100,000	24.2	21.9	13.4	13.4
No answer	8.4	16.9	4.4	8.2
	100.0%	100.0%	100.0%	100.0%

3. Of the money available, what percentage was used?

	% Of Respondents	
% Used	1981	1979
100%	15.2%	10.4%
75%–99%	30.3	33.7
50%–74%	17.4	26.9
25%–49%	17.4	13.4
10%–24%	9.6	8.2
1%–9%	2.8	2.2
No answer	7.3	5.2
	100.0%	100.0%

4. Is an advertising agency involved in your co-op program?

Yes	34.3%
No	60.6
No answer	5.1

If Yes, in what areas?

	Amount of Involvement		
	A Great Deal	Some	None
Placing ads in media	14.8%	26.2%	59.0%
Creation of programs	13.1	37.7	49.2
Creation of ads	47.5	36.1	16.4
Handling, auditing, billing	11.5	6.5	82.0

Base: 61 companies that use ad agencies.

5. Does your company train its field sales representatives to use co-op advertising?

	1981	1979
Yes	65.2%	73.2%
No	33.1	26.1
No answer	1.7	0.7

Base: 116 companies in 1981 that provide training; 98 companies in 1979. Multiple answers makes totals more than 100%.

Base for all tables, unless otherwise noted, is 178 replies in 1981–82 and 134 in 1979–80. Percentages may total more or less than 100% because of multiple answers and no answers.

6. In which media did you spend your co-op funds?

	Avg. Budget Of Companies Reporting	
	1981	1979
Newspapers	58.3%	55.8%
Catalogues or flyers	14.2	14.9
Radio	10.9	13.6
TV	6.4	6.8
Magazines	4.6	3.1
Outdoor	0.9	N.A.
Other	4.7	5.8
	100.0%	100.0%

If you used newspapers, what percent (calling newspaper expenditures 100%) was in:

	% Of Companies Using Newspapers	% Of Total Newspaper Expenditures
Paid circulation papers		
Daily and Sunday	89.7%	76.5%
Weeklies and biweeklies	67.3	17.2
Free distribution papers	44.9	6.3

Base: 156 companies that use newspapers.

If you used catalogues, what percent (calling catalogue expenditures 100%) was in:

	Distribution Method	% Of Total Catalogue Expenditures
Retail catalogues sent:		
By mail	68.8%	44.4%
In newspapers	43.1	25.8
Direct market catalogues or flyers	46.8	26.3
Other	4.6	3.5

Base: 109 companies that use catalogues.

7. Do your field sales representatives work with any media or media groups in connection with your co-op program?

	1981	1979
Yes	33.7%	45.5%
No	65.2	54.5
No answer	1.1	—

8. Do you try to get retailers in an area to pool their co-op allowances?

	1981	1979
Yes	26.4%	41.0%
No	61.8	56.8
No answer	11.8	2.2

9. Do you have any program to evaluate the effectiveness of your cooperative advertising program?

	1981	1979
Yes	35.4%	41.0%
No	60.1	57.5
No answer	4.5	1.5

10. How do you feel about your co-op program?

	1981	1979
Fairly well satisfied	45.5%	61.8%
Needs improving	41.0	36.4
We have a long way to go	10.7	—
No answer	2.8	1.8

Copies of S&MM's Survey

While supplies last, readers may obtain a free copy of the complete 1982 Survey of Cooperative Advertising by writing, "Co-op," on a business card and mailing it to:

CO-OP SURVEY
c/o Elizabeth G. Diederichs
Research Director
Sales & Marketing Management
633 Third Ave.
New York, NY 10164-0563

S&MM's Special Co-op Advertising Section

figure is likely to grow as others follow such companies as Eastman Kodak and Levi Strauss, which now allow retailers to advertise in free papers that are audited.

Although about 46% of the respondents say they are satisfied with their co-op programs, over half indicate that they either need improvement or "have a long way to go." A handful of marketers describe how they systematically evaluate effectiveness of their co-op programs, but 60% confess that they don't try to do this at all.

In talking with marketers who have used co-op successfully for some time, however, S&MM finds that there is no lack of innovation. For instance, Bruce Cummings, director of U.S. marketing at Vivitar Corp., Santa Monica, CA, faced a typical marketing problem a few weeks ago as he approached the spring selling season that is critical in the photographic equipment business. "We wanted to move quickly with a promotion to get an extra inventory turn for the dealer and for Vivitar," says Cummings. "A straight dealer-loading program obviously wouldn't pull the product through the way we wanted, so we decided to run dealer-listing ads in 13 key markets in addition to our regular co-op program."

Ordinarily, Cummings might have put the word out by having Vivitar's 60 field salespeople sign up dealers, but because he needed to move fast he decided to use the Newspaper Co-op Network (NCN), a new service which enables advertisers to place dealer-listing ads in selected newspapers with a single order. A joint undertaking of the International Newspaper Advertising and Marketing Executives, the Newspaper Advertising Bureau, and the Advertising Checking Bureau, the service includes estimating the multimarket buy, signing up dealers to participate, and centralized verification and billing (S&MM, Aug. 17, 1981).

"If NCN had not existed, I doubt that we could have done this promotion," says Cummings. Working with Mike Busse and Deidre Braun, co-op specialists from the Los Angeles *Times*, Cummings gave them the markets he wanted, and the information was channelled through NCN's office in Chicago. "They were back to us in three days with a media cost analysis," says Cummings.

Fram Corp., the Bendix subsidiary known best for automotive filters, channels its co-op program through a 270-person sales force, which calls on distributors, which in turn sell

Springfield Cooperates.

The Springfield Newspapers' new Co-Op Department is ready to help you plan and carry out a successful co-op program in Western Massachusetts.

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S&MM's Special Co-op Advertising Section

to some 500,000 retail outlets. "We're practically in the packaged goods business," Christin Elliott, communications manager for Fram's Automotive Div., told a recent meeting of the Newspaper Advertising Co-op Network (NACON).

Often it is the retailer who comes up with an idea that puts automotive co-op into high gear. With the help of co-op money from Michelin, Bernard M. Cunningham, president of Avellino's Tire and Auto Service in the Philadelphia suburb of Malvern, PA, appears in TV commercials to offer car owners a $100 U.S. savings bond if they buy four tires at about $80 apiece.

Gaining credibility

Avellino's, which generates about $15 million in annual sales from 18 stores in the Philadelphia metro and outlying areas, had used only print and radio until approached by marketing people from CBS Television last year. "They convinced me that prime time TV could be cost effective for us," says Cunningham, noting that, although he continues to advertise on radio and in the Philadelphia *Inquirer*, he has cut back on suburban dailies and weeklies. "TV reaches the most people with a higher impact," he says, "and it also gives a retailer credibility. Not many independents get on TV; it's supposed to be only for Goodyear and Firestone." Increased TV spending this year means that about 20% of Avellino's budget will go into that medium, compared to 40% each for newspapers and radio.

As retailers of all sorts experiment with radio and TV—and to some extent with cable TV—manufacturers have been forced to revise their co-op programs, which in some cases

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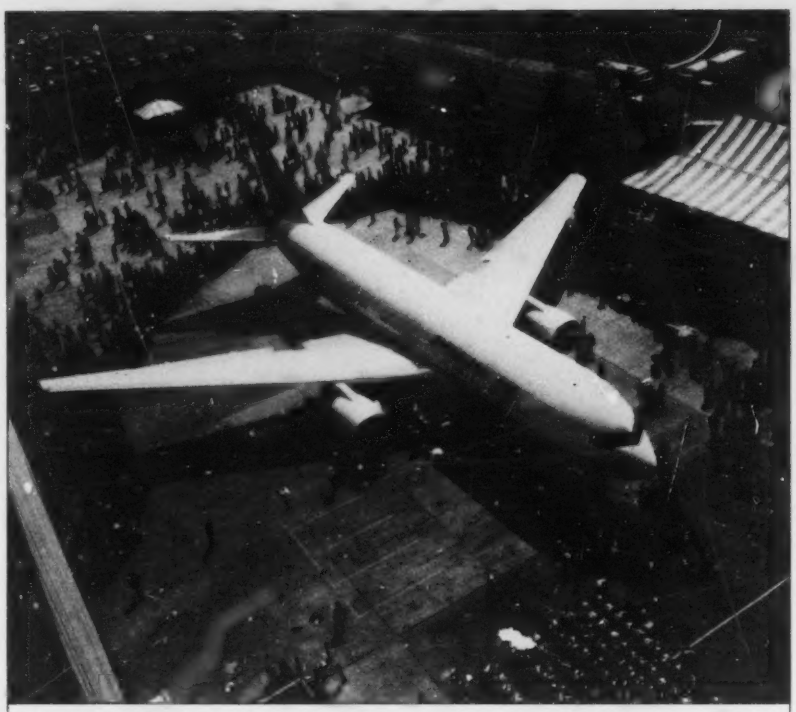

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S&MM's Special Co-op Advertising Section

were limited to print advertising. "We changed our plan and took out all the rules so that the retailer is free to select the media he wants," says Tom Spearman, western regional advertising and promotion manager for General Foods' Oscar Mayer subsidiary. He notes that when approaching a grocery chain with a program for a major "celebration" ad, Oscar Mayer salespeople don't just call on the buyer. A meeting is arranged to make a presentation not only to the buyer but also to a regional merchandiser, the advertising director, and often a decision maker at headquarters who reviews the ad material from the standpoint of how it will affect the chain's overall marketing stance.

Here comes cable

Slight as cable TV's role is in co-op, this seems bound to change quickly as cable operators carve out their niche as a local advertising medium. "I doubt that there are any co-op plans in existence that cover teletext or videotex," Robert Alter, president of the Cabletelevision Advertising Bureau, told a recent co-op seminar sponsored by the Assn. of National Advertisers. "Yet over the next 10 years, these media will have a major impact on how people get product information and do their shopping." Even now, he pointed out, satellite networks provide cable system operators with a variety of programming and, along with it, a substantial number of commercial openings available for local sale. "You will be dealing with co-op claims that involve several types of programming on one system," Alter observed. For those who think co-op already is complicated, his words may be just a hint of what lies ahead.

SIGNIFICANT TRENDS

An update: Americans in the 1980s

You won't find the word "lifestyle" mentioned even once in the first report on socioeconomic data from the 1980 Census that the Census Bureau finally got around to releasing last month. But that's what will be most on marketers' minds as they use the data on marital status, income, education, occupation, and the status of the labor force. That's because the market segments that are the focus of most sales strategies have lately been given a new dimension by lifestyle concepts, and socioeconomic data provide clues to the lifestyles consumers choose.

The report notes that marriage and the family, despite all the knocks they've received, are still, by far, the favorite forms of human relationships, although other modes are growing faster. Three-fifths (60.3%) of males 15 and older were married at the time of the 1980 Census, as were 54.8% of the women (in 1970, 64.5% of the males and 54.8% of the women were married). This reflects the greater proportion opting for "single blessedness," rising from 26.4% to 29.9% for men and from 20.6% to 23.0% for women, as well as the sharp rise in divorced ratios, from 2.8% to 5.4% for men, 4.0% to 7.2% for women.

Families still dominate the household market, accounting for 73.3% of such buying units. But their modest growth (16%) in the 1970s was eclipsed by a much more rapid growth in one-person households (68%) and female-headed families (51%). Among the 30.3 million families with children under 18, one-fifth (19.1%) are now headed by a single parent.

The increasingly sophisticated consumer that marketers now face is underscored by the Census data. For the first time in U.S. history, more than half of adults 25 years and older in every state are high school graduates. Nationally, two-thirds (66.4%) have a high school diploma compared to just over half (52.4%) in 1970. The proportion with a college degree also rose sharply, from 10.7% to 16.3%.

Buying power more than doubled, as median family income soared 108%, from $9,586 in 1969 to $19,908 in 1979. Some observers cavil that this was no improvement because prices rose almost as fast. Such fretting misses the point, which is the impressive upward movement of families on the income ladder, with the greatest gains occurring in the $25,000-and-over category. Much of this was due to the mothers in these families. Between 1970 and 1980, the proportion of mothers with children under 6 who joined the labor force shot up from 30.8% to 45.8% and those with children between 6 and 17 from 50.1% to 63.2%.

One relatively new market segment, Americans hailing from Asia and the Pacific Islands, is going to get more attention in the future. Despite all that is heard about discrimination keeping minorities' improvements down, this group had the highest family income, $22,075, compared to $20,840 for U.S. whites, $14,711 for Hispanics, and $12,618 for blacks. It also led in educational achievement, with 74% graduating from high school vs. 69% of whites, 51% of blacks, and 43% of Hispanics.

How buying power is distributed

Income Group	All Families % Of Total	All Families % Change 1969–79	Black Families % Of Total	Black Families % Change 1969–79	Hispanic Families % Of Total	Hispanic Families % Change 1969–79
Under $5,000	7.3%	– 59%	19.4%	– 41%	13.8%	– 24%
$5,000–$9,999	13.2	– 53	21.0	– 24	18.9	– 20
$10,000–$14,999	14.7	– 36	16.7	+ 30	18.3	+ 40
$15,000–$24,999	29.4	+ 112	23.5	+ 328	27.4	+ 373
$25,000–$49,999	29.8	+ 790	17.4	+ 2,512	19.3	+ 1,765
$50,000-and-over	5.6	+ 805	1.9	+ 2,301	2.4	+ 1,194
Number of families (000)	**57,436**	**+15%**	**6,093**	**+25%**	**3,288**	**+61%**
Median income	**$19,908**	**+108%**	**$12,618**	**+108%**	**$14,711**	**+95%**

Note: % change based on number of families in each year.
Source: S&MM calculations; Census Bureau, *1980 Census: Provisional Estimates of Social, Economic, and Housing Characteristics, PHC80-S1-1*

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